



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE

December 1, 2005

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Carlisle, Iowa.

The City's receipts totaled \$6,632,901 for the year ended June 30, 2005, a 1 percent increase over 2004. The receipts included \$1,088,339 in property tax, \$21,800 from tax increment financing, \$2,779,822 from charges for service, \$576,794 from operating grants, contributions and restricted interest, \$737,572 from capital grants, contributions and restricted interest, \$56,182 from unrestricted interest on investments, \$1,345,789 from bond and note proceeds and \$26,603 from other general receipts.

Disbursements for the year totaled \$6,223,112, a 7 percent decrease from the prior year, and included \$1,842,637 for capital projects, \$681,267 for debt service and \$574,028 for public safety. Also, disbursements for business type activities totaled \$2,255,419.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

# # #



**CITY OF CARLISLE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2005**

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**City of Carlisle**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ruth Randleman	Mayor	Jan 2006
Allen Wiese	Mayor Pro tem	Jan 2006
Patricia Stump	Council Member	Jan 2006
Blair Dewey	Council Member	Jan 2008
Drew Merrifield	Council Member	Jan 2008
Frank Shultz	Council Member	Jan 2008
Neil Ruddy	Administrator/Clerk	Indefinite
Patricia M. Brehse	Deputy Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

**City of Carlisle**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Carlisle's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2005 on our consideration of the City of Carlisle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlisle's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

August 15, 2005



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Carlisle provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2005 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 38%, or approximately \$1,139,000, from fiscal 2004 to fiscal 2005. Property tax increased approximately \$54,000 due to increased property valuations and bond/note proceeds increased approximately \$532,000. Operating and capital grants increased approximately \$508,000.
- The City's governmental activities disbursements increased 16%, or approximately \$555,000, in fiscal 2005 from fiscal 2004. Debt service and capital projects disbursements increased \$88,000 and \$480,000 respectively. Public safety disbursements decreased by \$63,000.
- The City's governmental activities cash balance at June 30, 2005 increased 54%, or approximately \$328,000, from June 30, 2004 to June 30, 2005, mainly due to the completion of the North First Street Bridge project, the Carlisle Aquatic Center and the purchase of the new trailhead.
- The City issued \$1,350,000 of general obligation bonds and capital loan notes.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as that remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water works, the sanitary sewer system and the electric system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Gifts and Bequests, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and electric funds, considered to be major funds of the City. The Internal Service Fund is an accounting device used to accumulate and allocate cost internally among the City's various functions.

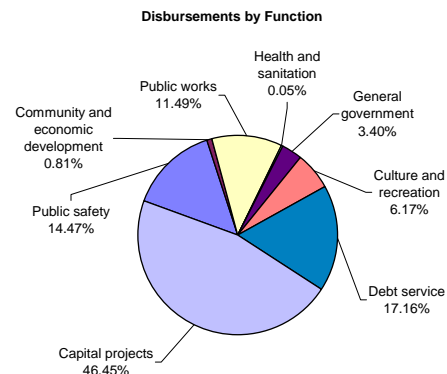
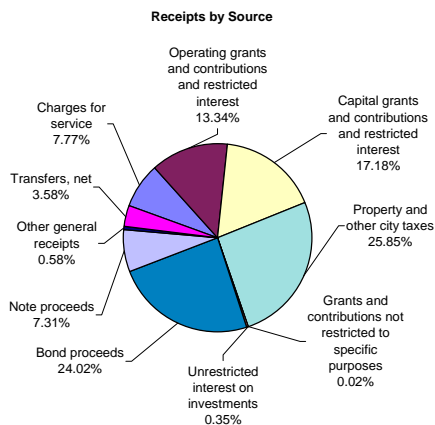
The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing by \$.328 million to \$.932 million. The analysis below focuses on the change in cash balance for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2005	2004
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 334	284
Operating grants, contributions and restricted interest	573	516
Capital grants, contributions and restricted interest	738	287
General receipts:		
Property and other city tax	1,110	1,056
Grants and contributions not restricted to specific purposes	1	6
Unrestricted interest on investments	15	15
Bond proceeds	1,032	278
Note proceeds	314	536
Other general receipts	25	25
Transfers, net	154	-
Total receipts and transfers	4,296	3,003
Disbursements:		
Operating:		
Public safety	574	637
Public works	456	443
Health and social services	2	2
Culture and recreation	245	229
Community and economic development	32	26
General government	135	120
Debt service	681	593
Capital projects	1,843	1,363
Total disbursements	3,968	3,413
Increase (decrease) in cash basis net assets	328	(410)
Cash basis net assets beginning of year	604	1,014
Cash basis net assets end of year	\$ 932	604



Total governmental activities receipts and transfers for the fiscal year were \$4.296 million. The cash balance increased by about \$328,000 from the prior year as a result of the City receiving reimbursements of over \$700,000 for the North First Street Bridge project during fiscal year 2005. Also, bond proceeds and donations received for the new aquatic center exceeded the disbursements that were paid in fiscal year 2005.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2005	2004
Receipts:		
Program receipts:		
Charges for service:	\$	
Water	507	508
Sewer	404	401
Electric	1,534	1,570
Operating grants and contributions:		
Water	1	1
Electric	3	2
General receipts:		
Unrestricted interest on investments	41	39
Note proceeds	-	1,008
Other general receipts	-	7
Total receipts	2,490	3,536
Disbursements and transfers:		
Water	365	305
Sewer	349	1,314
Electric	1,541	1,682
Transfers	154	-
Total disbursements and transfers	2,409	3,301
Net change in cash balances	81	235
Cash basis net assets beginning of year	2,197	1,962
Cash basis net assets end of year	\$ 2,278	2,197

Total business type activities receipts for the fiscal year were \$2.490 million. The cash balance increased by approximately \$81,000 from the prior year due primarily to fewer disbursements in the sewer and electric fund as a result of the completion of the electric feeder exit cable replacement project and refinancing the sewer debt to a lower interest rate. The excess receipts are to be used for bond payments, on going water and sewer projects and improvements.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$912,345, an increase of more than \$324,000 above last year's total of \$587,720. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$54,358 from the prior year, resulting in an ending cash balance of \$632,159. This increase was primarily due to a one time contribution to the aquatic center project and for police equipment. In addition, \$110,000 of capital loan note proceeds were received in the prior year.
- The Road Use Tax Fund cash balance decreased by \$12,586 to \$249,233 during the fiscal year. This decrease was attributable to increased maintenance and street lighting costs.
- The Debt Service Fund cash balance decreased by \$41,568 to \$78,620 during the fiscal year. The City issued new bonds in the amount of \$315,000 to cover refinancing of the 1995 general obligation bond at a lower interest rate. The decrease in cash balance was attributable to the payment of debt service costs in order to reduce the debt service tax levy.
- The Capital Projects Fund cash balance increased by \$500,844 to \$(127,539) during the fiscal year. This increase was attributable to a new bond issuance of \$1,035,000 to provide funds to pay the cost associated with designing, building and equipping the new aquatic center.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased by \$28,639 from the prior year to \$792,962. The increase in cash balance was approximately \$187,000 less than in the prior year, primarily due to the current year operating transfer of \$129,187 to the Capital Projects Fund for water system improvements by adding well number six.
- The Sewer Fund cash balance increased by \$73,384 from the prior year to \$1,114,626. The increase in cash balance was approximately \$39,000 less than in the prior year, primarily due to additional debt service payments being made in the prior year to refinance the sewer revolving fund notes at a lower interest rate.
- The Electric Fund cash balance decreased by \$24,818 to \$344,715 during the fiscal year. Disbursements decreased approximately \$131,000 as a result of completing the feeder exit cable replacement project in July of 2004. During the current year, the Electric Fund also transferred \$25,000 to the Capital Projects Fund for a one time contribution to the aquatic center.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 23, 2005 and resulted in an increase of \$2,729,809 in revenues and other sources. The additional revenues were from insurance claims to be used for the repair of a police car, a rescue unit and lightning damage at the fire station. Also, the additional revenues were received as a result of the Aquatic Center season pass program and debt service interest. The amendment also reflected the reimbursement of funds from grants received for the Curb it program, the 1st Street Bridge project, the Wet Land Property project and the Community Attraction and Tourism (CAT) grant for a slide at the Carlisle Family Aquatics Center. Capital projects to be funded included the purchase of property for Trailhead, the dangerous and dilapidated building project and new well project. The issuance of new lower interest general obligation bonds were also included in the amendment, the proceeds of which are to be used for the Carlisle Family Aquatic Center and to redeem the 1995 outstanding general obligation notes.

The budgeted expenditures also increased \$3,232,866, resulting in the use of an additional \$503,057 of the general fund balance.

## DEBT ADMINISTRATION

At June 30, 2005, the City had \$4,310,000 in bonds and other long-term debt, compared to approximately \$3,680,000 last year, as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2005	2004
General obligation bonds	\$ 2,165	1,285
General obligation capital loan notes	825	905
Revenue capital loan notes	855	940
Revenue bonds	465	550
Total	\$ 4,310	3,680

Debt increased as a result of issuing general obligation capital loan bonds of \$1,035,000 for the Carlisle Aquatic Center and general obligation capital loan refunding notes of \$315,000.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,990,000 is significantly below its constitutional debt limit of \$7 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2006 fiscal year budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to the State's budget constraints. The Council worked hard to retain the same tax rate for 2006 with no increase to the taxpayers.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Neil Ruddy, City Clerk, or Pat Brehse, Deputy City Clerk, 195 N 1st Street, Carlisle, Iowa 50047.

## **Basic Financial Statements**

City of Carlisle

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2005

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 574,028	110,391	23,627	-
Public works	456,394	164,526	290,761	703,086
Health and social services	2,062	-	-	-
Culture and recreation	244,998	31,084	248,355	-
Community and economic development	31,573	50	2,327	-
General government	134,734	22,909	-	-
Debt service	681,267	-	7,876	34,486
Capital projects	1,842,637	5,118	-	-
Total governmental activities	3,967,693	334,078	572,946	737,572
Business type activities:				
Water	365,059	507,464	1,283	-
Sewer	349,285	404,616	-	-
Electric	1,541,075	1,533,664	2,565	-
Total business type activities	2,255,419	2,445,744	3,848	-
Total	\$ 6,223,112	2,779,822	576,794	737,572

**General Receipts:**

Property and other city tax levied for:

- General purposes
- Tax increment financing
- Debt service

Grants and contributions not restricted to specific purpose

Unrestricted interest on investments

Bond proceeds (net of \$4,140 discount and accrued interest of \$1,189)

Note proceeds (net of \$1,260 discount)

Miscellaneous

Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:

- Streets
- Urban renewal purposes
- Debt service
- Other purposes

Unrestricted

**Total cash basis net assets**

See notes to financial statements.



Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(440,010)	-	(440,010)
701,979	-	701,979
(2,062)	-	(2,062)
34,441	-	34,441
(29,196)	-	(29,196)
(111,825)	-	(111,825)
(638,905)	-	(638,905)
(1,837,519)	-	(1,837,519)
(2,323,097)	-	(2,323,097)
-	143,688	143,688
-	55,331	55,331
-	(4,846)	(4,846)
-	194,173	194,173
(2,323,097)	194,173	(2,128,924)
787,915	-	787,915
21,800	-	21,800
300,424	-	300,424
1,369	-	1,369
14,729	41,453	56,182
1,032,049	-	1,032,049
313,740	-	313,740
25,234	-	25,234
154,187	(154,187)	-
2,651,447	(112,734)	2,538,713
328,350	81,439	409,789
604,118	2,196,906	2,801,024
\$ 932,468	2,278,345	3,210,813
\$ 249,233	-	249,233
2,726	-	2,726
78,620	668,501	747,121
77,146	26,042	103,188
524,743	1,583,802	2,108,545
\$ 932,468	2,278,345	3,210,813

City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue	
	General	Road Use Tax
Receipts:		
Property tax	\$ 727,597	-
Tax increment financing	-	-
Other city tax	9,728	-
Licenses and permits	60,726	-
Use of money and property	14,739	-
Intergovernmental	37,446	290,761
Charges for service	251,729	-
Special assessments	-	-
Miscellaneous	34,127	221
Total receipts	1,136,092	290,982
Disbursements:		
Operating:		
Public safety	570,472	-
Public works	153,408	303,568
Health and social services	2,062	-
Culture and recreation	235,516	-
Community and economic development	11,025	-
General government	134,841	-
Debt service	-	-
Capital projects	-	-
Total disbursements	1,107,324	303,568
Excess (deficiency) of receipts over (under) disbursements	28,768	(12,586)
Other financing sources (uses):		
Bond proceeds (net of \$4,140 discount and accrued interest of \$1,189)	-	-
Note proceeds (net of \$1,260 discount)	-	-
Operating transfers in	50,590	-
Operating transfers out	(25,000)	-
Total other financing sources (uses)	25,590	-
Net change in cash balances	54,358	(12,586)
Cash balances beginning of year	577,801	261,819
Cash balances end of year	\$ 632,159	249,233
<b>Cash Basis Fund Balances</b>		
Reserved for debt service	\$ -	-
Unreserved:		
General fund	632,159	-
Special revenue funds	-	249,233
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	\$ 632,159	249,233

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
296,480	-	49,917	1,073,994
-	-	21,800	21,800
3,944	-	673	14,345
-	-	-	60,726
7,876	16,827	1,024	40,466
-	703,086	-	1,031,293
-	-	-	251,729
17,659	5,118	-	22,777
-	232,599	11,298	278,245
325,959	957,630	84,712	2,795,375
-	-	5,700	576,172
-	-	-	456,976
-	-	-	2,062
-	-	9,682	245,198
-	-	20,548	31,573
-	-	-	134,841
681,267	-	-	681,267
-	1,842,637	-	1,842,637
681,267	1,842,637	35,930	3,970,726
(355,308)	(885,007)	48,782	(1,175,351)
-	1,032,049	-	1,032,049
313,740	-	-	313,740
-	353,802	-	404,392
-	-	(225,205)	(250,205)
313,740	1,385,851	(225,205)	1,499,976
(41,568)	500,844	(176,423)	324,625
120,188	(628,383)	256,295	587,720
78,620	(127,539)	79,872	912,345
78,620	-	-	78,620
-	-	-	632,159
-	-	50,926	300,159
-	(127,539)	-	(127,539)
-	-	28,946	28,946
78,620	(127,539)	79,872	912,345

**City of Carlisle**

City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
Governmental Funds

As of and for the year ended June 30, 2005

**Total governmental funds cash balances (page 17)** \$ 912,345

***Amounts reported for governmental activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. The net assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

20,123

**Cash basis net assets of governmental activities (page 15)** \$ 932,468

**Net change in cash balances (page 17)** \$ 324,625

***Amounts reported for governmental activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

3,725

**Change in cash balance of governmental activities (page 15)** \$ 328,350

See notes to financial statements.

**Exhibit D**

## City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2005

	Enterprise Funds				Internal Service Fund Self Funded Insurance
	Water	Sewer	Electric	Total	
Operating receipts:					
Charges for service	\$ 448,889	399,421	1,466,708	2,315,018	-
Miscellaneous	59,858	5,195	69,521	134,574	14,995
Total operating receipts	508,747	404,616	1,536,229	2,449,592	14,995
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	2,278
Public works	-	-	-	-	619
Culture and recreation	-	-	-	-	213
General government	-	-	-	-	114
Business type activities	331,349	235,448	1,471,305	2,038,102	4,502
Total operating disbursements	331,349	235,448	1,471,305	2,038,102	7,726
Excess of operating receipts over operating disbursements	177,398	169,168	64,924	411,490	7,269
Non-operating receipts (disbursements):					
Interest on investments	15,071	18,986	7,396	41,453	692
Debt service	(34,643)	(114,770)	(72,138)	(221,551)	-
Total non-operating receipts (disbursements)	(19,572)	(95,784)	(64,742)	(180,098)	692
Excess of receipts over disbursements	157,826	73,384	182	231,392	7,961
Operating transfers out, net	(129,187)	-	(25,000)	(154,187)	-
Net change in cash balances	28,639	73,384	(24,818)	77,205	7,961
Cash balances beginning of year	764,323	1,041,242	369,533	2,175,098	38,204
Cash balances end of year	\$ 792,962	1,114,626	344,715	2,252,303	46,165
<b>Cash Basis Fund Balances</b>					
Reserved for debt service	\$ 86,530	395,735	186,236	668,501	-
Unreserved	706,432	718,891	158,479	1,583,802	46,165
Total cash basis fund balances	\$ 792,962	1,114,626	344,715	2,252,303	46,165

See notes to financial statements.

## City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets –  
Proprietary Funds

As of and for the year ended June 30, 2005

**Total enterprise funds cash balances (page 20)** \$ 2,252,303

***Amounts reported for business type activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. The net assets of the Internal Service Fund are included in business type activities in the Statement of Net Assets.

26,042

**Cash basis net assets of business type activities (page 15)**

\$ 2,278,345

**Net change in cash balances (page 20)**

\$ 77,205

***Amounts reported for business type activities in the Statement of  
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with business type activities.

4,234

**Change in cash balance of business type activities (page 15)**

\$ 81,439

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2005

**(1) Summary of Significant Accounting Policies**

The City of Carlisle is a political subdivision of the State of Iowa located in Warren County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and electric utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Carlisle has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Carlisle (the primary government) and the Carlisle Volunteer Fire Department and Friends of the Carlisle Library (component units). These component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Blended Component Units**

The Carlisle Volunteer Fire Department and Friends of the Carlisle Library are entities which are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the nonmajor governmental funds.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission and Warren County Joint E911 Service Board.



The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Des Moines Area Transportation Planning Commission and Central Iowa Area Safety and Support Organization.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Road Use Tax Fund is used to account for road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City of Carlisle maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the debt service function.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statements No. 3 and No. 40.

### (3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, general obligation capital loan notes and revenue capital loan notes and bonds are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Revenue Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 215,000	86,914	110,000	24,698	85,000	27,925
2007	230,000	78,921	110,000	22,368	85,000	26,140
2008	235,000	70,101	110,000	19,728	90,000	24,015
2009	250,000	60,833	110,000	16,793	90,000	21,495
2010	210,000	50,793	125,000	13,613	95,000	18,705
2011-2015	815,000	128,827	260,000	25,426	410,000	40,710
2016-2017	210,000	13,125	-	-	-	-
Total	\$ 2,165,000	489,514	825,000	122,626	855,000	158,990

Year Ending June 30,	Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2006	\$ 85,000	17,743	495,000	157,280
2007	80,000	14,553	505,000	141,982
2008	80,000	11,553	515,000	125,397
2009	85,000	8,468	535,000	107,589
2010	30,000	5,060	460,000	88,171
2011-2015	105,000	8,173	1,590,000	203,136
2016-2017	-	-	210,000	13,125
Total	\$ 465,000	65,550	4,310,000	836,680

On November 1, 2004, the City issued \$315,000 of general obligation capital loan refunding notes. The proceeds were used to refund \$270,000 of 1995 general obligation notes. The resulting net savings to the City in future interest payments totaled approximately \$93,400.

On October 15, 2004, the City issued general obligation bonds, Series 2004A, of \$1,035,000 to provide funds to pay the costs associated with designing, building and equipping a new aquatic center.

The resolutions providing for the issuance of the electric and water revenue bonds include the following provisions:

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate electric and water revenue sinking accounts for the purpose of making the bond principal and interest payments when due.

- (3) Additional monthly transfers shall be made to separate electric and water reserve accounts until a specific minimum balance has been accumulated. These accounts are restricted for the purpose of paying bond principal and interest payments when insufficient money is available in the sinking account.
- (4) Additional monthly transfers of \$200 to an electric improvement account shall be made until the required balance of \$60,000 has been accumulated. This account is restricted for the purpose of paying bond principal and interest payments when insufficient money is available in the sinking and reserve accounts and to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget and for capital improvements to the system.
- (5) Water user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds during the same year.

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$57,329, \$51,434 and \$52,451, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory hours for subsequent use or for payment upon termination, retirement or death. However, sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2005, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 60,000
Compensatory time	<u>46,000</u>
Total	<u>\$ 106,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2005.

**(6) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	<u>\$ 50,590</u>
Capital Projects	General	25,000
	Special Revenue: Gifts and Bequests	174,615
	Enterprise: Water	129,187
	Electric	<u>25,000</u>
		<u>353,802</u>
Total		<u><u>\$ 404,392</u></u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(7) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the function level. During the year ended June 30, 2005, disbursements in the debt service function exceeded the amount budgeted.

**(8) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Employee Dental and Short-Term Disability Insurance Plan**

The City's Internal Service, Self Funded Insurance Fund was established to account for the self funding of the City's dental and short-term disability insurance plan. The plan is funded by City contributions and is administered through a service agreement with Self Funded Services Company (SFSCO).

The plan provides dental and short-term disability coverage for eligible employees and, if elected, their spouses and dependents. The maximum annual coverage for dental coverage is \$1,500 per person except for orthodontia services which are limited to \$1,000 per lifetime. Benefits for short-term disability equal two thirds of the employee's average weekly earnings, up to a maximum benefit of \$400 per week for up to 26 weeks, at which time the City's long-term disability insurance coverage begins.

Monthly payments of service fees and plan contributions to the Internal Service, Self Funded Insurance Fund are recorded as disbursements from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to SFSCO. The City's contribution to the fund for the year ended June 30, 2005 was \$14,995.

**(10) Deficit Balance**

The Capital Projects Fund had a deficit balance of \$127,539 at June 30, 2005. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of grant proceeds.

**(11) Development and Rebate Agreement**

The City entered into a development and rebate agreement during the year ended June 30, 2001 to assist in an urban renewal project. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements with an estimated taxable value of \$495,300 constructed by the developer as set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.10 of the Code of Iowa from the developer will be rebated for a period of five years beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The total amount that will be rebated over the five year period under the development and rebate agreement is as follows:

First year (value January, 2001 for taxes payable 2002-03):	100% of the taxes
paid on the taxable value of the new improvements	
Second year (value January, 2002 for taxes payable 2003-04):	90% of the taxes
paid on the taxable value of the new improvements	
Third year (value January, 2003 for taxes payable 2004-05):	80% of the taxes
paid on the taxable value of the new improvements	
Fourth year (value January, 2004 for taxes payable 2005-06):	70% of the taxes
paid on the taxable value of the new improvements	
Fifth year (value January, 2005 for taxes payable 2006-07):	60% of the taxes
paid on the taxable value of the new improvements	

During the year ended June 30, 2005, the City rebated \$20,548 of incremental taxes to the developer. The cumulative amount rebated to the developer from November 2002 through June 30, 2005 was \$48,149. No bonds or notes were issued for this construction project.

### **Required Supplementary Information**

City of Carlisle

Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,073,994	-	-
Tax increment financing	21,800	-	-
Other city tax	14,345	-	-
Licenses and permits	60,726	-	-
Use of money and property	40,466	42,145	(692)
Intergovernmental	1,031,293	-	-
Charges for service	251,729	2,315,018	-
Special assessments	22,777	-	-
Miscellaneous	278,245	149,569	(14,995)
Total receipts	<u>2,795,375</u>	<u>2,506,732</u>	<u>(15,687)</u>
Disbursements:			
Public safety	576,172	2,278	(2,278)
Public works	456,976	619	(619)
Health and social services	2,062	-	-
Culture and recreation	245,198	213	(213)
Community and economic development	31,573	-	-
General government	134,841	114	(114)
Debt service	681,267	-	-
Capital projects	1,842,637	-	-
Business type activities	-	2,264,155	(4,502)
Total disbursements	<u>3,970,726</u>	<u>2,267,379</u>	<u>(7,726)</u>
Excess (deficiency) of receipts over (under) disbursements	(1,175,351)	239,353	(7,961)
Other financing sources (uses), net	<u>1,499,976</u>	<u>(154,187)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	324,625	85,166	(7,961)
Balances beginning of year	<u>587,720</u>	<u>2,213,302</u>	<u>(38,204)</u>
Balances end of year	<u>\$ 912,345</u>	<u>2,298,468</u>	<u>(46,165)</u>

See accompanying independent auditor's report.



Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,073,994	1,076,391	1,076,391	(2,397)
21,800	22,000	22,000	(200)
14,345	14,488	14,488	(143)
60,726	55,050	55,050	5,676
81,919	26,600	26,600	55,319
1,031,293	389,577	1,334,312	(303,019)
2,566,747	2,936,769	2,944,769	(378,022)
22,777	20,824	20,824	1,953
412,819	-	11,374	401,445
5,286,420	4,541,699	5,505,808	(219,388)
576,172	583,973	594,288	18,116
456,976	459,947	460,147	3,171
2,062	2,500	2,500	438
245,198	248,749	256,749	11,551
31,573	32,578	36,178	4,605
134,841	147,747	148,006	13,165
681,267	372,304	399,669	(281,598)
1,842,637	76,150	2,943,677	1,101,040
2,259,653	2,528,693	2,844,293	584,640
6,230,379	4,452,641	7,685,507	1,455,128
(943,959)	89,058	(2,179,699)	1,235,740
1,345,789	-	1,765,700	(419,911)
401,830	89,058	(413,999)	815,829
2,762,818	3,108,009	3,108,009	(345,191)
3,164,648	3,197,067	2,694,010	470,638

City of Carlisle

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$3,232,866. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the debt service function.

### **Other Supplementary Information**

City of Carlisle

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue		
		Gifts and Bequests	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 49,917	-	-
Tax increment financing	-	-	21,800
Other city tax	673	-	-
Use of money and property	-	908	-
Miscellaneous	-	-	-
Total receipts	50,590	908	21,800
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	20,548
Total disbursements	-	-	20,548
Excess (deficiency) of receipts over (under) disbursements	50,590	908	1,252
Other financing uses:			
Operating transfers out	(50,590)	(174,615)	-
Net change in cash balances	-	(173,707)	1,252
Cash balances beginning of year	-	202,591	1,474
Cash balances end of year	\$ -	28,884	2,726
<b>Cash Basis Fund Balances</b>			
Unreserved:			
Special revenue funds	\$ -	28,884	2,726
Permanent fund	-	-	-
Total cash basis fund balances	\$ -	28,884	2,726

See accompanying independent auditor's report.

Friends of the Library	Carlisle Volunteer Fire Department	Permanent	
		Cemetery Perpetual Care	Total
-	-	-	49,917
-	-	-	21,800
-	-	-	673
55	61	-	1,024
6,360	4,638	300	11,298
6,415	4,699	300	84,712
-	5,700	-	5,700
9,682	-	-	9,682
-	-	-	20,548
9,682	5,700	-	35,930
(3,267)	(1,001)	300	48,782
-	-	-	(225,205)
(3,267)	(1,001)	300	(176,423)
15,682	7,902	28,646	256,295
12,415	6,901	28,946	79,872
12,415	6,901	-	50,926
-	-	28,946	28,946
12,415	6,901	28,946	79,872

City of Carlisle  
Schedule of Indebtedness  
Year ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Dec 1, 1998	4.15-4.70%	\$ 890,000
Essential corporate purpose	Oct 1, 1999	4.75-5.10	430,000
General and essential corporate purpose	Jul 1, 2001	4.10-4.80	535,000
General corporate purpose	Oct 15, 2004	2.20-4.20	1,035,000
Total			
General obligation capital loan notes:			
General and essential corporate purpose	Apr 1, 1995	5.30-5.90%	\$ 645,000
General obligation capital loan	Oct 1, 2003	1.65-4.00	540,000
General obligation capital loan refunding	Nov 1, 2004	2.20-3.00	315,000
Total			
Revenue capital loan notes:			
Sewer refunding	Nov 1, 2003	1.70-4.00%	\$ 1,015,000
Revenue bonds:			
Electric	Dec 1, 1998	4.25-4.45%	\$ 610,000
Water	Oct 1, 2003	2.75-4.00	280,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
685,000	-	65,000	620,000	30,020
235,000	-	45,000	190,000	11,688
365,000	-	45,000	320,000	16,237
-	1,035,000	-	1,035,000	22,393
<b>\$ 1,285,000</b>	<b>1,035,000</b>	<b>155,000</b>	<b>2,165,000</b>	<b>80,338</b>
365,000	-	365,000	-	20,545
540,000	-	30,000	510,000	17,012
-	315,000	-	315,000	4,772
<b>\$ 905,000</b>	<b>315,000</b>	<b>395,000</b>	<b>825,000</b>	<b>42,329</b>
940,000	-	85,000	855,000	29,370
270,000	-	60,000	210,000	11,737
280,000	-	25,000	255,000	9,242
<b>\$ 550,000</b>	<b>-</b>	<b>85,000</b>	<b>465,000</b>	<b>20,979</b>

City of Carlisle  
Bond and Note Maturities  
June 30, 2005

	General Obligation Bonds								
Year Ending June 30,	Issued Dec 1, 1998		Issued Oct 1, 1999		Issued Jul 1, 2001		Issued Oct 15, 2004		
	Interest		Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Total
2006	4.15%	\$ 65,000	4.90%	\$ 45,000	4.15%	\$ 40,000	2.20%	\$ 65,000	\$ 215,000
2007	4.20	70,000	5.00	50,000	4.25	40,000	2.40	70,000	230,000
2008	4.25	70,000	5.05	45,000	4.35	45,000	2.75	75,000	235,000
2009	4.30	75,000	5.10	50,000	4.50	45,000	2.80	80,000	250,000
2010	4.40	80,000		-	4.60	50,000	3.20	80,000	210,000
2011	4.50	85,000		-	4.70	50,000	3.40	85,000	220,000
2012	4.60	85,000		-	4.80	50,000	3.60	85,000	220,000
2013	4.70	90,000		-		-	3.75	90,000	180,000
2014		-		-		-	3.85	95,000	95,000
2015		-		-		-	4.00	100,000	100,000
2016		-		-		-	4.10	105,000	105,000
2017		-		-		-	4.20	105,000	105,000
Total		\$ 620,000		\$ 190,000		\$ 320,000		\$1,035,000	\$ 2,165,000

Year Ending June 30,	Revenue		Revenue Bonds					Total
	Capital Loan Notes		Electric		Water			
	Issued Nov 1, 2003		Issued Dec 1, 1998		Issued Oct 1, 2003			
	Interest Rates		Interest Rates	Amount	Interest Rates	Amount		
2005	2.10%	\$ 85,000	4.30%	\$ 55,000	2.75%	\$ 30,000	\$ 85,000	
2007	2.50	85,000	4.35	50,000	2.75	30,000	80,000	
2008	2.80	90,000	4.40	50,000	2.95	30,000	80,000	
2009	3.10	90,000	4.45	55,000	3.20	30,000	85,000	
2010	3.30	95,000		-	3.45	30,000	30,000	
2011	3.50	95,000		-	3.65	35,000	35,000	
2012	3.75	100,000		-	3.85	35,000	35,000	
2013	3.90	105,000		-	4.00	35,000	35,000	
2014	4.00	110,000		-		-	-	
Total		\$ 855,000		\$ 210,000		\$ 255,000	\$ 465,000	

See accompanying independent auditor's report.



General Obligation Capital Loan Notes				
Issued Oct 1, 2003		Issued Nov 1, 2004		
Interest		Interest		
Rates	Amount	Rates	Amount	Total
2.00%	\$ 45,000	2.20%	\$ 65,000	\$ 110,000
2.40	45,000	2.40	65,000	110,000
2.75	50,000	2.60	60,000	110,000
3.00	50,000	2.80	60,000	110,000
3.25	60,000	3.00	65,000	125,000
3.45	60,000		-	60,000
3.65	65,000		-	65,000
3.80	65,000		-	65,000
4.00	70,000		-	70,000
	-		-	-
	-		-	-
	-		-	-
	<u>\$ 510,000</u>		<u>\$ 315,000</u>	<u>\$ 825,000</u>

**Schedule 4**

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## City of Carlisle

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Three Years

	2005	2004	2003
Receipts:			
Property tax	\$ 1,073,994	1,021,511	992,648
Tax increment financing	21,800	18,597	19,001
Other city tax	14,345	16,138	13,389
Licenses and permits	60,726	49,296	51,173
Use of money and property	40,466	23,999	47,053
Intergovernmental	1,031,293	617,781	378,410
Charges for service	251,729	222,396	211,970
Special assessments	22,777	40,360	40,369
Miscellaneous	278,245	178,546	104,090
Total	\$ 2,795,375	2,188,624	1,858,103

## Disbursements:

## Operating:

Public safety	\$ 576,172	637,225	530,542
Public works	456,976	442,841	415,834
Health and social services	2,062	2,452	1,224
Culture and recreation	245,198	229,366	238,693
Community and economic development	31,573	26,387	22,667
General government	134,841	119,916	129,550
Debt service	681,267	592,915	303,553
Capital projects	1,842,637	1,363,375	396,976
Total	\$ 3,970,726	3,414,477	2,039,039

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

**City of Carlisle**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated August 15, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Carlisle's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Carlisle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Carlisle and other parties to whom the City of Carlisle may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Carlisle during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

August 15, 2005

City of Carlisle

Schedule of Findings

Year ended June 30, 2005

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2005

**Other Findings Related to Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future, we will amend the budget before disbursements are exceeded.

Conclusion – Response accepted.

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Drew Merrifield, Council Member, member of the Volunteer Fire Department	Fire report processing	\$ 2,482
Jim Shoning, Fire Department Administrative Assistant, owner of Carlisle Photo	Computer and photography supplies	719
Blair Dewey, Council Member, owner of North River Consulting	Computer consulting	270

Although the transactions for fire report processing with Council Member Merrifield appear to represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa since total transactions were greater than \$1,500 during the fiscal year, the City Attorney has opined the transactions with Council Member Merrifield do not represent a conflict of interest. The remaining transactions do not appear to represent conflicts of interest since they were less than \$1,500 during the fiscal year.



City of Carlisle

Schedule of Findings

Year ended June 30, 2005

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Minutes of the August 23, 2004, October 25, 2004 and December 20, 2004 Council meetings were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes as required.

Response – The City will strive to publish Council meeting minutes as required by the Code of Iowa in the future.

Conclusion – Response accepted.

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

- (9) Revenue Bonds and Notes – The City has complied with the revenue bond and note resolutions.

- (10) Financial Condition – The Capital Projects Fund had a deficit balance at June 30, 2005 of \$127,539.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – Reimbursement grants have been approved for capital projects and the deficit will be eliminated by the receipt of these grants.

Conclusion – Response accepted.

- (11) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response – In the change to electronic format this year, the bank only sent copies of the front of the checks. Starting with the August 2005 statement, they will give us an image of both the front and back of each cancelled check as required.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2005

- (12) Sales Tax Refund – A sales tax refund on material used in the water distribution improvement project was not applied for. Claims for refund must be filed with the Department of Revenue within one year after completion of a project.

Recommendation – The City should apply for all sales tax refunds available on a timely basis.

Response – The City will apply for sales tax refunds on a timely basis.

Conclusion – Response accepted.

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City of Carlisle

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager  
Jennifer Campbell, CPA, Senior Auditor  
Philip J. Cloos, Assistant Auditor  
Nickolas J. Schaul, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State